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Morocco

Fishery Products

Annual

2000

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Report Highlights:

Since the end of the Morocco-EU Fishery Agreement in November 1999, the EU has failed to convince the Moroccan government to renew the agreement in its present form. The GOM is still willing to consider any EU proposal that will result in adding value to the catches, creating jobs, and more importantly preserve its fish resources.

Includes PSD changes: Yes

Includes Trade Matrix: Yes

Annual Report

Rabat [MO1], MO

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Executive Summary

Squid continue to account for about one-quarter of the total cephalopod catches. The remaining three-quarters are octopus. The decline in world prices of cephalopod since late 1999 forced the fishing companies to close fishing for three additional months in an attempt to keep prices up.

Since the end of the Morocco-EU fishing agreement in November 1999, Morocco has been reiterating that the agreement will not be renewed in its past form. The GOM is seeking a closer partnership with Europe that would result in joint ventures, adding more value to current catches and creating more jobs in Morocco, and more importantly would prevent depletion of fish resources.

Production

Cephalopod catches in Morocco consist mostly of octopus and squids (calamari and cuttlefish). In 1999, total cephalopod catches increased significantly primarily because of the increase in octopus catches. Squid catches increased only slightly because the 28 percent decline in calamari catches partly offset the sharp increase in cuttlefish catches.

In 1999, octopus accounted for nearly three-quarters of the cephalopod trawlers catches, playing a major role as a source of revenue for cephalopod fishing companies. However, the significant increase in production of octopus in 1999 has been largely offset by the decline in world price caused by the sluggish demand for this type of fish both in European and Japanese markets.

For 2000, first indications are that cephalopod production is about the same level as 1999 but with a higher proportion of squid and medium-size octopus better suited for the European Markets.

The table below provides data on Moroccan cephalopod catches including squid and cuttlefish (catches in metric tons):

**Morocco's Cephalopod catches
(Metric Tons)**

Calendar Year	1998	1999	Change
Coastal Cephalopod Fishing	22,109	34,420	55.7%
- Calamari	3,144	1,283	-59.2%
- Cuttlefish	1,061	1,885	77.7%
- Octopus	17,904	31,252	74.6%
Deep Sea Cephalopod Fishing	62,986	78,688	24.9%
- Calamari	8,208	6,824	-16.9%
- Cuttlefish	13,608	18,984	39.5%
- Octopus	41,170	52,880	28.4%
Total Deep-Sea & Coastal Fishing	85,095	113,108	32.9%
- Calamari	11,352	8,107	-28.6%
- Cuttlefish	14,669	20,869	42.3%
- Octopus	59,074	84,132	42.4%
Total Squid (Calamari & Cuttlefish)	26,021	28,976	11.4%
Estim. Production(used in PS&D)(a)	28,000	31,000	10.7%

Source: Ministry of Fishery

(a): Data about cephalopod catches is usually underestimated. Official GOM figures take into account only fish that are marketed through official channels. Catches from an estimated 6,000 rowboats from villages along the Atlantic and Mediterranean coast are not included in the GOM data. Since these catches are believed to be significant, AgAtt has inflated the GOM data for cephalopods in order to avoid inconsistencies in the PS&D table.

Fishing fleet

Cephalopods fishing is done with three types of boats:

- 1) The deep-sea cephalopod fishing fleet, with 278 active trawlers, accounts for over two thirds of the catches. They are relatively modern boats equipped with freezing equipment. Catches from these boats are sorted, frozen, and prepacked on board for exports. Deep-sea trawlers stay out to sea for up to three months.
- 2) The coastal cephalopod catching fleet is made of an estimated 40 wooden boats that are much smaller, more traditional, and lack refrigeration equipment which forces them to unload their catches very often. Catches from this fleet are directed to the local market or frozen on land to be exported.
- 3) There are an estimated 6,000 small rowboats fishing along the Atlantic Coast whose catches are used primarily in the local market (hotels, restaurants, etc..).

Consumption

Fish consumption is limited because of inadequate distribution channels and irregular supply of fish throughout the year. Consumption of squid, cuttle fish, and octopus is also limited because of the relatively high price compared to other types of fish but also because, traditionally, they have not been part of the Moroccan diet. Most of the squid consumed in Morocco come from the coastal fishing boats or from the rowboats fishing along the Atlantic and Mediterranean coasts.

Trade

Japan, Spain and Italy account for nearly 95 percent of Morocco's exports of cephalopods (including octopus) which weakens significantly the position of the Moroccan cephalopod fishing companies. In addition, Japan has different need in terms of sizes of Octopus and squid than Spain and Italy. This leads to a situation where the Moroccan fishing companies are facing very few buyers of their products and are essentially price takers. Prices of cephalopods (especially octopus) dropped significantly during 1999 and earlier this year because of large buyer's stocks and sluggish demand which affected considerably the revenue of the fishing companies. The table below provides data on Morocco's exports of cephalopods (by species) with their estimated FOB value. One can read easily the drop in total revenues from octopus in spite of the increase of the volume exported that resulted from higher catches:

Morocco's Cephalopods Exports
(Metric Tons and Thousands of U.S. Dollars)

Calendar Year	1997		1998		1999	
	MT	\$1000	MT	\$1000	MT	\$1000
Exch.Rates (dirham/\$1US)		9.5016		9.5712		9.7725
Octopus	40,982	200,471	53,883	221,128	55,381	188,012
- Japan	27,301	145,001	39,121	164,884	31,948	107,087
- Spain	6,743	29,448	8,417	35,475	13,323	50,428
- Italy	3,613	14,163	3,751	12,533	6,877	18,935
- Greece	968	4,995	1,362	5,824	2,488	9,168
- Egypt	659	4,848	618	415	.	.
- Others	1,699	2,017	614	1,997	745	2,393
Calamari	30,312	138,701	31,389	124,367	24,110	81,817
- Spain	15,458	63,335	16,990	65,292	14,970	48,663
- Japan	12,403	66,128	10,649	44,742	5,609	23,867
- Italy	2,066	7,900	3,264	12,600	2,323	6,504
- Thailand	205	671	267	865	503	1,199
- France	92	345	177	708	78	234
- Others	87	321	42	160	628	1,349
Cuttle fish	129	255	98	739	1,842	2,466
- Spain	118	208	84	241	332	1,663
- Egypt	1,500	758
- Japan	.	.	10	461	8	31
- Others	11	47	4	37	2	13

Source: Official Moroccan Trade Data

The 1999 export figures in the PS&D have been revised as final figures are now available.

Stocks

There is evidence that because of the sharp drop in world prices, stocks of frozen squid have gone up as the Moroccan fishing companies have been trying to limit the supply of cephalopods in the market. Early last year, because of the low world prices and large supply (stocks) of frozen cephalopods, the Moroccan cephalopod fishing companies decided to close fishing during the spring (see policy section).

Policy

The sharp drop in world cephalopod price, especially for octopus that represents a major source of revenue, caused the government and the private sector to jointly decide to close fishing for three months early this year (February, March, and April 2000). In the past, spring closings lasted only two months (March-April) and were not implemented every year. This year, as an attempt to avoid a further drop in world octopus prices, the private cephalopod companies implemented the closing starting February 2000 for a period of three months. In addition, as stipulated by Moroccan regulations, the high sea fishing fleet has closed deep-sea fishing beginning September 2000 for a period of two months to allow juvenile cephalopods to grow.

The Moroccan-E.U. Fishing Agreement came to an end on November 1999. About 400 EU boats (mostly Spanish) are no longer licensed to fish in Moroccan waters. There has been since then several attempts from the EU to renew the Fishery Agreement but Morocco has conveyed repeatedly that the Fishing Agreement will not be renewed in its previous form and that the EU should be thinking more about arrangements that would be more beneficial to the Moroccan economy by increasing the value of current catches, creating jobs and more importantly, preserving the resources and using them rationally.

The government stopped issuing licences for cephalopod fishing in 1992. Since then the number of active cephalopod trawlers has been declining steadily as many companies closed down because of financial difficulties. It is not clear yet whether the GOM will provide new licences to Moroccan investors to partly replace EU boats that are no longer licenced to fish in Moroccan waters. The outcome of the on-going negotiations with the EU and the evolution of world supply and prices of cephalopods will determine largely the number of licences that might be issued in the future.

Marketing

Provided adequate management of its resources, Morocco is likely to remain a major supplier of cephalopods, including squid. This will be particularly true if the GOM remains firm about no longer authorizing EU (Spanish) boats to fish in Moroccan waters. Also, Morocco is expected to play even a greater role upon completion of the GOM investment program in the port of Dakhla, located in Moroccan administered Sahara. The closeness of the Dakhla port to rich fishing waters will reduce the cost of cephalopod catches significantly and is expected to boost Morocco competitiveness in cephalopod supply.

In spite of the great potential revenue from squid the Moroccan cephalopod fishing companies continue to be at the mercy of the very few Japanese buyers who, by managing large stocks of cephalopod catches, basically dictate the world price. There is currently no clear GOM policy or program by the private sector to reduce the Japanese influence by opening new markets or developing new higher value products.

PSD Table						
Country	Morocco					
Commodity	Squid/Cuttlefish				(MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Beginning Stocks	0	0	0	3000	0	2000
Total Production	31000	31000	33000	32000	0	32000
Intra-EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	31000	31000	33000	35000	0	34000
Intra-EC Exports	0	0	0	0	0	0
Other Exports	28500	25953	30400	31000	0	31000
TOTAL Exports	28500	25953	30400	31000	0	31000
Domestic Consumption	2500	2047	2600	2000	0	2000
Other Use/Loss	0	0	0	0	0	0
TOTAL Utilization	2500	2047	2600	2000	0	2000
Ending Stocks	0	3000	0	2000	0	1000
TOTAL DISTRIBUTION	31000	31000	33000	35000	0	34000

Export Trade Matrix			
Country	Morocco		
Commodity	Squid/Cuttlefish		
Time period	Cal. Year 99	Units:	Metric Tons
Exports for:			1
U.S.	14	U.S.	
Others		Others	
Spain	15302		
Japan	5617		
Italy	2323		
France	78		
Total for Others	23320		0
Others not Listed	2619		
Grand Total	25953		0